



LUTHER SPEIGHT & COMPANY, LLC

Certified Public Accountants and Consultants

NEW ORLEANS HEALTH CORPORATION SENIOR CENTERS PROGRAM

FINANCIAL STATEMENTS AND ACCOMPANYING
INDEPENDENT AUDITOR'S REPORT THEREON

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NEW ORLEANS HEALTH CORPORATION SENIOR CENTERS PROGRAM

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LUTHER SPEIGHT & COMPANY, LLC

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INDEPENDENT AUDITOR'S REPORT

To: The Board of Directors of
New Orleans Health Corporation

We have audited the accompanying financial statements of the Senior Centers Program of the New Orleans Health Corporation (NOHC), (a nonprofit organization) which comprise the financial position as of June 30, 2012, and the related statement of activities for the year then ended, and the related notes to the financial statements.

Management is responsible for the preparation and fair presentation of these financial statements in accordance with auditing principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Continued,

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

As discussed in Note 1, the financial statements present only the activities of the Senior Centers Program of the New Orleans Health Corporation (NOHC) and do not purport to and do not present fairly the financial position as of June 30, 2012 and the results of operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

This is the initial audit of the Senior Centers program of the New Orleans Health Corporation (NOHC) and accordingly we could not establish beginning balances sufficient enough to produce a statement of cash flows for the year ended June 30, 2012. Presentation of such statement summarizing the program's operating, investing and financing activities is required by accounting principles generally accepted in the United States of America.

In our opinion, except that the omission of a statement of cash flows results in an incomplete presentation as explained in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position and the results of operations of the Senior Centers Program of the New Orleans Health Corporation (NOHC) as of June 30, 2012 in conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in blue ink, appearing to read "Luther C. Speight & Co".

Luther C. Speight and Company

March 28, 2013

SENIOR CENTERS PROGRAM OF THE NEW ORLEANS HEALTH CORPORATION.

Statement of Financial Position

As of June 30, 2012

ASSETS

Current Assets:

Cash and Cash Equivalents	\$ -
Grants Receivable	
Due From Related Entity (Note 9)	<u>74,210</u>

Total Current Assets	<u>74,210</u>
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Land	
Furniture, Fixtures and Equipment (Note 2)	25,402
Vehicles	62,729
Accumulated Depreciation	(1,734)
Net Fixed Assets	<u>86,397</u>
Other-Prepaid & Deposits	<u>1,960</u>

Total Assets	<u><u>162,567</u></u>
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LIABILITIES AND NET ASSETS

Current Liabilities:

Other Short Term Liabilities	<u>23,619</u>
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Total Current Liabilities (Note 10)	<u>23,619</u>
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Other Liabilities:

Deferred Revenue	<u>50,816</u>
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Total Liabilities	<u>74,435</u>
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Net Assets:

Unrestricted Net Assets	<u>88,132</u>
Total Net Assets	<u>88,132</u>

Total Liabilities and Net Assets	<u><u>\$ 162,567</u></u>
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See Accompanying Notes to Financial Statements

SENIOR CENTERS PROGRAM OF THE NEW ORLEANS HEALTH CORPORATION.

Statement of Activities

For the Year Ended June 30, 2012

PUBLIC SUPPORT & REVENUES

Grant Revenue (Note 1)	\$ 297,826
Total	<u>297,826</u>

EXPENDITURES

Salaries	76,021
Professional Services	13,771
Communication Expense	832
Postage & Office Expense	355
Facility Rent	17,133
Depreciation Expense	1,734
Miscellaneous Expense	441
Repairs & Maintenance	796
Tax, Licenses, & Dues	6,468
Supplies	8,104
Insurance	4,196
Program Expense	3,046
Vehical Expense	406
Bank Service Charge	327
Other Expenses	1,854
Ineligible Costs-Tax Levy & Transfers	74,210
Total	<u>209,694</u>
Change In Net Assets	<u>88,132</u>
NET ASSET-	
Beginning Net Assets	-
Ending Net Assets	<u>88,132</u>

See Accompanying Notes to Financial Statements

NEW ORLEANS HEALTH CORPORATION SENIOR CENTERS PROGRAM

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

NOTE 1-BACKGROUND

NOHC is a non-profit corporation formed in 1970 for the purpose of increasing the general level of health awareness to its patients with dignity and respect, regardless of race, age, religion, nationality or income. NOHC provides comprehensive, primary health care and social services through its community centers.

The Senior Centers Program of the New Orleans Health Corporation (NOHC) is a separate and distinct program that is managed by the NOHC. The accompanying financial statements do not purport to and do not present the basic financial statements of the New Orleans Health Corporation taken as a whole.

NOHC administered two grants through its Senior Centers Program. Those centers are:

East New Orleans Peace Lake Towers
Lower Ninth Senior Center

The grants funding these activities are as follows:

The New Orleans Council on Aging, (NOCA) City Of New Orleans-Civil Affairs

This program is funded by the City of New Orleans Civil Affairs to provide a comprehensive system of service delivery to serve older individuals for a period of 250 days. The program is required to secure independence, remove social barriers to care and provide a continuum of care for the vulnerable elderly. The total grant proceeds for this grant during the year in examination totaled \$250,000.

The New Orleans Council on Aging City Of New Orleans-Civil Affairs and CDBG

This program is funded by the City of New Orleans Civil Affairs and the Department of Housing and Urban Development Community Development Block Grant Program to provide a comprehensive system of service delivery to serve older individuals for a period of 250 days. The program is required to secure independence, remove social barriers to care and provide a continuum of care for the vulnerable elderly. The total grant proceeds for this grant during the audit period was \$24,430.

NEW ORLEANS HEALTH CORPORATION SENIOR CENTERS PROGRAM

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Accounting-

The Senior Centers Program of the New Orleans Health Corporation (NOHC) is a non-profit, community-based organization whose financial statements are prepared on the accrual basis of accounting and in accordance with generally accepted accounting principles. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Basis of Presentation-

In accordance with the provisions of Statements of Financial Accounting Standards (SFAS) No. 117 which established standards for external financial reporting by not-for-profit organizations, The Senior Centers Program of the New Orleans Health Corporation (NOHC) classifies resources for accounting and reporting purposes into three net asset categories which are unrestricted, temporarily restricted, and permanently restricted net assets according to external (donor) imposed restrictions. A description of these three net asset categories is as follows:

- Unrestricted net assets include funds not subject to donor-imposed stipulations. The revenues received and expenses incurred in conducting the mission of The Senior Centers Program of the New Orleans Health Corporation (NOHC), Inc. are included in this category. The Senior Centers Program of the New Orleans Health Corporation (NOHC), Inc. has determined that any donor-imposed restrictions for current or developing programs and activities are generally met within the operating cycle of The Senior Centers Program of the New Orleans Health Corporation (NOHC) and, therefore, the organization's policy is to record those net assets as unrestricted.
- Temporarily restricted net assets include realized gains and losses, investment income and gifts and contributions for which donor-imposed restrictions have not been met.
- Permanently restricted net assets are contributions, which are required by the donor-imposed restriction to be invested in perpetuity and only the income, be made available for program operations in accordance with donor restrictions.

NEW ORLEANS HEALTH CORPORATION SENIOR CENTERS PROGRAM

NOTES TO THE FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Continued,

Such income is reflected in temporarily restricted net assets until utilized for donor-imposed restrictions.

At June 30, 2012, The Senior Centers Program of the New Orleans Health Corporation (NOHC) did not have any temporarily or permanently restricted net assets.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the Organization to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Furniture, Fixtures and Equipment

Furniture, fixtures and equipment of The Senior Centers Program of the New Orleans Health Corporation (NOHC) are recorded as assets and are stated at historical cost, if purchased or at fair market value at the date of the gift, if donated. Additions, improvements and expenditures that significantly extend the useful life of an asset are capitalized. Long-lived assets over \$1,000 are capitalized.

Depreciation is provided using the straight-line method over the estimated useful lives of assets as follows:

Furniture and Equipment	3-7 Years
Vehicles	5-15 Years

At June 30, 2012 property and equipment consisted of the following:

Furniture and equipment	\$	25,402
Vehicles		<u>62,729</u>
Accumulated Depreciation		<u>(1,734)</u>
Net Fixed Asset	\$	<u>86,397</u>

Support and Revenues

Revenues received under government grant programs are recognized when earned. For cost-reimbursement grants, the revenue is earned when the related expenditure is incurred. Contributions are considered available for unrestricted use unless specifically restricted by the donor.

Cash Equivalents

The Senior Centers Program of the New Orleans Health Corporation (NOHC) considers all cash in demand deposits and investments purchased with a maturity date of three months or less to be cash equivalents.

NEW ORLEANS HEALTH CORPORATION SENIOR CENTERS PROGRAM

NOTES TO THE FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 3 – ECONOMIC DEPENDENCY

The primary source of revenue for The Senior Centers Program of the New Orleans Health Corporation (NOHC) is federal grants provided through various funding agencies. The continued success of The Senior Centers Program of the New Orleans Health Corporation (NOHC) is dependent upon the renewal of contracts from current funding sources as well as obtaining new funding.

NOTE 4 – UNRESTRICTED CONTRIBUTIONS

Contributions consist of donations made to The Senior Centers Program of the New Orleans Health Corporation (NOHC) to provide support to the operation of The Senior Centers Program of the New Orleans Health Corporation (NOHC) as well as to fund specific projects as designated by the donor or the Board of Directors.

NOTE 5 – GOVERNMENT GRANTS

The Senior Centers Program of the New Orleans Health Corporation (NOHC) is the recipient of several federal awards. Included in grant revenue are funds disbursed from several funding sources to provide funds for the implementation of various community programs as well as to support the operations of The Senior Centers Program of the New Orleans Health Corporation (NOHC).

NOTE 7 – INCOME TAXES

The Senior Centers Program of the New Orleans Health Corporation (NOHC) is exempt from federal income taxes through Section 501 (c) (3) of the Internal Revenue Code.

NOTE 8 - CONTINGENCY

The Senior Centers Program of the New Orleans Health Corporation (NOHC) is a recipient of several grants and awards of federal funds. These grants and awards are governed by various federal guidelines, regulations, and contractual agreements. The administration of the programs and activities funded by these grants and awards is under the control and administration of The Senior Centers Program of the New Orleans Health Corporation (NOHC), and is subject to audit and /or review by the applicable funding sources. Any grant or award funds found not to be properly spent in accordance with the terms, conditions, and regulations of the funding sources may be subject to recapture.

NEW ORLEANS HEALTH CORPORATION SENIOR CENTERS PROGRAM

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 9: INELIGIBLE COSTS (STATE TAX LEVY AND OTHER RECEIVABLES)

The NOHC was levied by the Louisiana Department of Revenue and the bank funds belonging to the Senior Centers program of the New Orleans Health Corporation NOHC were utilized in the settlement of this levy. The accrued levies were from periods prior to the inception of the current grant funding for the center and did not relate to the center. We were advised of the total levy of \$63,210 and also of arrangements made in order to repay the Senior Centers program of the New Orleans Health Corporation NOHC by the NOHC. We also examined other unrelated transfers from the program to the New Orleans Health Corporation that totaled \$11,000.

NOTE 10: ACCOUNT BALANCES REPORTING

The Senior Centers Program bank account reflected a balance overdrawn for \$8,290 as of June 30, 2012. However, there was a subsequent deposit for \$125,000 from the grant funding source that was posted on the bank statement post balance sheet date. In order to properly reflect auditing standards generally accepted in the United States of America, we reflected the reconciled book cash balance of (\$23,619) on that same date as a current liability.



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Certified Public Accountants and Consultants

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors of
New Orleans Health Corporation

We have audited the financial statements of the Senior Centers program of the New Orleans Health Corporation NOHC (a nonprofit organization) as of and for the year ended June 30, 2012, and have issued our report thereon dated March 28, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the Senior Centers program of the New Orleans Health Corporation NOHC is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Senior Centers program of the New Orleans Health Corporation NOHC's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Senior Centers program of the New Orleans Health Corporation NOHC Organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses. 2012-1, 2012-2, 2012-3, and 2012-4.

Continued,

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. These findings are presented in the following section as findings 2012-1, 2012-2, 2012-3, and 2012-4.

Senior Centers program of the New Orleans Health Corporation NOHC Organization's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Senior Centers program of the New Orleans Health Corporation NOHC Organization's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management of the Senior Centers program of the New Orleans Health Corporation NOHC, others within the entity, the Board of Trustees, federal awarding agencies pass-through entities and the Legislative Auditor of the State of Louisiana. It is not intended to be and should not be used by anyone other than these specified parties. However in accordance with Revised Statutes 24:513 the audit report will be published as a public record



Luther Speight & Company CPAs

March 28, 2013

NEW ORLEANS HEALTH CORPORATION SENIOR CENTERS PROGRAM
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2012

FINDING #2012-01: NUMBER OF MEALS PURCHASED EXCEED THE NUMBER OF MEALS CONSUMED

CONDITION:

We examined a sample of NOHC's food vendor and compared the volume of meals purchased with the volume of meals consumed for a three month period. Our analysis showed that the volume of meals purchased consistently exceeded the volume of meals served to program participants. The statistics reflected in our analysis were based upon programmatic report summaries maintained by NOHC that we summarized. The table below reflects the results of our analysis for the months of February, March and April of 2012:

Months	Meals Purchased	Meals Consumed	Variance (Excess of Purchased over Consumed)
February 2012	460	334	126
March 2012	640	300	340
April 2012	585	473	112

CAUSE:

We were unable to determine the cause for the consistent variances.

EFFECT:

The significant variance of meals invoiced over meals consumed point to internal control weaknesses related to the program administration related to meal service.

RECOMMENDATION:

We recommend that NOHC adopt enhanced program internal controls related to the meal service and programmatic reporting that addresses the disposition of meals purchased that exceed the meals served.

MANAGEMENT'S RESPONSE:

Because of time constraints of delivering meals, the catering company required an estimated count at least two days in advance. Management has taken steps to better estimate attendance of participants in order to lower the ratio of meals consumed to meals invoiced. There were no excess or discarded meals. Excess meals are offered to participants after all in attendance have been served. This is the policy of the center and general policy of the New Orleans Council On Aging

NEW ORLEANS HEALTH CORPORATION SENIOR CENTERS PROGRAM
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2012

FINDING #2012-02: GRANT BUDGETARY ACCOUNTING NOT FULLY
IMPLEMENTED.

CONDITION:

The Senior Program financial management procedures did not include detailed budget vs. actual reporting and controls.

CAUSE:

NOHC did not have a detailed copy of a program budget related to the Senior Center Program.

EFFECT:

The Organization's ability to adequately control program expenditures is limited.

RECOMMENDATION:

We recommend that NOHC prepare a detailed program budget and perform budget vs. actual reporting for the grant period.

MANAGEMENT'S RESPONSE:

Management will adhere to the recommendation of preparing detailed budgets and comparing costs budgeted to actual costs incurred per line item.

NEW ORLEANS HEALTH CORPORATION SENIOR CENTERS PROGRAM
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2012

FINDING #2012-03: INCONSISTENT GRANT YEAR TO DATE AMOUNTS REPORTED
ON THE MONTHLY FINANCIAL STATEMENTS

CONDITION:

The Senior Center Program grant required monthly grant financial reporting of expenditures be submitted to the grantor. In addition the grant stipulated that the Program expenditures could not exceed one-twelfth of the annual grant budget.

Our review of the grant financial reporting indicated that monthly expenditure reports were not prepared and submitted as required. In addition, the Program expenditures were not restricted to the one-twelfth limitation.

CAUSE:

We were unable to determine the cause for this condition.

EFFECT:

The Program grant financial management reporting was not in compliance with the grant guidelines.

RECOMMENDATION:

We recommend that the Program implement monthly expenditure reporting. The monthly expenditure levels should be limited to the one-twelfth per month.

MANAGEMENT'S RESPONSE:

Management will adhere to the recommendation of the submission of monthly reports consistent with expenditures that are approximately one-twelfth of the annual budget. This finding is a result of startup costs in the purchase of equipment, furnishings and supplies.

NEW ORLEANS HEALTH CORPORATION SENIOR CENTERS PROGRAM
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2012

FINDING #2012-04: GRANT FUNDS LEVIED FOR UNPAID TAXES

QUESTIONED COST: \$63,210

CONDITION:

During our examination we noted that the Senior Center Program accounts were levied in settlement of a delinquent tax liability. Further review indicated that the levy totaled \$63,210. We were advised that the payroll tax liability was accrued from earlier periods (1999 to 2011) and applied to the agency as a whole. Further review showed that the only account with sufficient funds to settle the levy was the Senior Centers Program account. The state accordingly levied the program.

EFFECT:

The grant funding methodology requires cost reimbursement and only eligible expenditures are considered earned. As a result the levied funds are considered questioned costs.

RECOMMENDATION:

We recommend that NOHC reimburse the funds to the program accounts and expend those funds on eligible costs.

MANAGEMENT'S RESPONSE:

Management has reimbursed the program account \$33,472 of the \$63,210 and plans to fully reimburse the program account.

NEW ORLEANS HEALTH CORPORATION SENIOR CENTERS PROGRAM

SCHEDULE OF PRIOR YEAR FINDINGS

JUNE 30, 2012

There were no prior year findings in 2011.